

# LOCAL GOVERNMENTAL ENTITY REGISTRY

## FREQUENTLY ASKED QUESTIONS

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Idaho Code Section 67-1076 was amended as a result of House Bill No. 73 during the 2021 regular legislative session. The legislation outlined numerous changes, including the movement of the Local Governmental Entity Registry from the Legislative Services Office (LSO) to the State Controller's Office (SCO). The initial transition and sustainment of the portal by SCO were implemented on January 1, 2022. SCO will oversee, assist, and report compliance of all entities required to report to the Registry.

Below are some frequently asked questions with answers that address the background of the Registry, the role of the State Controller's Office, recent changes to the Registry, and requirements for local governmental entities. We hope this will be helpful to all local governmental entities as reporting and compliance deadlines approach.

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Questions about these requirements and the registry portal can be directed to the State Controller's Office by calling 208-334-3100, option 0 or emailing [registry@sco.idaho.gov](mailto:registry@sco.idaho.gov).

# LOCAL GOVERNMENTAL ENTITY REGISTRY

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## WHY WAS THE REGISTRY PORTAL CREATED?

In 2014, legislators raised concerns about the ability to access financial information related to local governments and special districts across the state. Additionally, the Legislative Services Office-Audits Division received multiple calls from constituents asking for financial statements and/or audits for a variety of local governmental entities, but no directory of entities or consistent submission of audit reports existed. The combination of public concern and legislator interest led to the identification of a study report.

In January 2014, LSO issued a report on local government financial reporting and compliance with Idaho Code. The objectives of the report were:

- Identify the number of local governmental entities in Idaho;
- Determine how the entities are monitored, both operationally and financially;
- Determine compliance with Idaho Code Section 67-1076.

The report contained three findings:

- No local government registry exists, which makes it difficult to determine who should be submitting audit reports;
- No budget data is submitted which makes it difficult to determine whether local governments are complying;
- No enforcement mechanism exists for noncompliance.

The report's recommendations were:

- Establish a registry to provide a comprehensive list of all local governmental entities authorized to operate within the State of Idaho;
- Require all local governmental entities to submit an approved budget;
- Amend the statute to include a notification and enforcement process for noncompliance.

House Bill 560 was passed to address the findings in the special report. It was then signed by the Governor on March 26, 2014, with an effective date of January 1, 2015. This legislation requires all local government entities to register through the portal providing administrative and financial information. It also provides for penalties when local governmental entities are not compliant with the financial requirements or do not report in accordance with Idaho Code 67-450B, C, or D.

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## WHAT IS REQUIRED UNDER I.C. 67-1076 AND 67-450B, C, AND D?

Section 67-1076 outlines the administrative and financial information required of reporting entities, while subsections 67-450B, C, and D outline the auditing requirements.

### ADMINISTRATIVE REQUIREMENTS

Each local governmental entity should either include or confirm the following information:

- The terms of membership and appointing authority for the governing board member of the local governmental entity;
- The official name, mailing address, and electronic mailing address of the entity;
- The fiscal year of the entity; and
- Except for cities and counties, the section of Idaho Code under which the entity was established, the date of establishment, the establishing entity, and the statute or statutes under which the entity operates, if different from the statute or statutes under which the entity was established.

### FINANCIAL REQUIREMENTS

Each local governmental entity should report and submit reporting documentation for the following:

- The most recent adopted budget of the entity in effect as of January 1 of the current Registry reporting year (i.e. 2022 Registry budget should encompass the date January 1, 2022);
- Documentation of the actual revenues and expenditures for the budget in effect as of January 1 of the year prior to the current Registry reporting year (i.e. 2022 Registry documentation should encompass the date January 1, 2021);
- The date of its last independent audit (if applicable); and
- Any other information required by the uniform accounting manual for local governmental entities (forthcoming).
- Bonds or debt obligation information:
  - The cumulative dollar amount of all bonds or other debt obligations issued or incurred by the entity;
  - The average length of the term of all bond issuances or other debt obligations; and
  - The average interest rate of all bonds or other debt obligations.

### AUDITING REQUIREMENTS

The introductory paragraphs for subsections 67-450B, C, and D address local governments such as cities, counties, authorities, and districts, and affiliated entities such as commissions, boards, and institutions that are charged with fiscal management responsibilities of the local

governmental entity. These sections set forth the minimum audit requirements for all local governmental entities based on annual expenditures as follows:

Expense Amount	Audit Requirement
Expenses are <\$100,000 from all sources in a single fiscal year	No audit requirement
Expenses are >\$100,000 but <\$250,000 from all sources in a single fiscal year	Audit required at least every two (2) years
Expenses are >\$250,000 from all sources in a single fiscal year	Audit required every year

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## WHY WAS ADDITIONAL LEGISLATION INTRODUCED IN THE 2021 LEGISLATIVE SESSION?

The Revenue and Taxation Committee of the Idaho Legislature brought forth House Bill 73 (2021 Regular Session) which was signed into law on March 19, 2021. HB 73 amended a section of Idaho Code, 67-1076, and affects all local governmental entities, the State Controller's Office, the Legislative Services Office, and the State Tax Commission. This legislation is tasked with improving transparency and compliance with financial and audit requirements contained in Idaho Code section 67-450B, C, and D.

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## WHAT ARE THE NEW REQUIREMENTS IN HB 73 CODIFIED IN I.C. 67-1076?

There are two immediate changes to the Registry at this time:

1. The housing and maintenance of the portal moved to the State Controller's Office website on January 1, 2022. SCO also took responsibility for all sustainment, assistance, and compliance reporting for the Registry from LSO.
2. The September 1<sup>st</sup> date to notify both the board of county commissioners and the Idaho State Tax Commission of compliance has moved to January 15<sup>th</sup>.
3. Rather than reporting total budgeted expenditures for prior years, entities will now be required to submit their total actual revenues.

All other new reporting requirements will follow a staggered or phased approach and will not be in full implementation until January 1, 2025. At this time, there are no other immediate changes to reporting requirements.

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## WHAT ARE LOCAL GOVERNMENTAL ENTITIES REQUIRED TO DO?

1. Every existing local governmental entity must **register using the registry portal**.
2. Every year on or before **December 1<sup>st</sup>** entities must **update the registration information**.
  - a. The information that must be provided is in three categories: Administrative, Financial, and Documents to Submit (approved budgets, unaudited financial statements, and audits).

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## WHAT WILL BE IN THE REGISTRY PORTAL?

The table below contains the requirements of Idaho Code Section 67-1076 and an explanation of the acceptable types of information for each requirement.

### ADMINISTRATIVE REQUIREMENTS

I.C. 67-1076 Requirement	Explanation
The terms of membership and appointing authority for the governing board members of the local governmental entity.	This will be for Boards/Commissions. Were they elected by voters in the county or appointed by an elected official? How long is the elected or appointed? What are the terms for the officials (2 years, 4 years, etc.)?
The official name, mailing address, and electronic mailing address of the entity.	Entities will be allowed to use a generic e-mail address such as registry@mycounty.com so more than one person would be allowed access to the account in case of employee turnover or other circumstances.
The fiscal year of the entity.	Many entities will have a fiscal year from July 1 <sup>st</sup> to June 30 <sup>th</sup> or from October 1 <sup>st</sup> to September 30 <sup>th</sup> , but some entities have other fiscal years.
Except for cities and counties, the section of Idaho Code under which the entity was established, the date of establishment, the establishing entity, and the statute or statutes under which the entity operates (if different from the statute or statutes under which the entity was established).	This requirement will provide the section of the Idaho Code that created the entity (type of entity) when the entity was officially established, and the operating statutes if applicable. The establishing entity is dependent on the type of reporting entity. Examples might be the Idaho Department of Transportation is the establishing entity for Transportation Authorities or a county is the establishing entity for a Fair Board within that county; but, generally, that information is provided in the establishing statute.

### FINANCIAL REQUIREMENTS

I.C. 67-1076 Requirement	Explanation
The most recent adopted budget of the entity in effect as of January 1 of the current Registry reporting year.	See " <a href="#">Documentation Requirements.</a> "
Documentation displaying the actual revenues and expenditures for the budget in effect as of January 1 of the year	See " <a href="#">Documentation Requirements.</a> "

before the current Registry reporting year.	
The cumulative dollar amount of all bonds or other debt obligations issued or incurred by the entity.	<p>Entities may use the amounts from their most recent audited financial statements. With a fiscal year-end of September 30, 2020, the most recent audited financial statements on December 1, 2021, would likely be from the fiscal year 2020 but might be the fiscal year 2019 as you will have 9 months to submit the audit and may not have completed the 2020 audit yet (which in this case, the 2020 fiscal year audit would not be due until December 1, 2022).</p> <p>Entities on a two-year audit cycle or entities that fall below the audit threshold can use the information from the most recently completed fiscal year.</p>
The average length of the term of all bond issuances or other debt obligations and the average interest rate of all bonds or other debt obligations.	<p>For the bonds or other debt reported, this is the average length of the cumulative terms and will be a range of time; 0-5 years, 5-10 years, 10-15 years, 15-20 years, and greater than 20 years.</p> <p>The average interest rate will be presented in a two decimal format such as 3.25% and will be the average of the interest rates for all outstanding debt issuances.</p>

## DOCUMENTS TO SUBMIT

I.C. 67-1076 Requirement	Explanation
The most recent adopted budget of the entity that is in effect as of January 1 of the current Registry reporting year.	Entities can submit a summarized budget document, likely the document that was published in local newspapers or posted on the entity's website for public comment and ultimately board or commission approval. Documents must include both revenues and expenditures and show the budget period (i.e. October 1, 2021 – September 30, 2022).
Documentation of the actual expenditures and revenues for the budget in effect as of January 1 of the year prior to the current Registry reporting year	This information may be from financial reports prepared for board meetings or for audit, but not yet audited. If the audit has been completed by the reporting deadline, the audited budget to actual statements can be submitted to meet this requirement. Documents must include both revenues and expenditures and show the budget period (i.e. October 1, 2021 – September 30, 2022).
Audit completed in compliance with Idaho Code Section 67-	Submission of the most recently completed audit within 9 months of the close of the fiscal year. For the reporting

450B, 67-450C, or 67-450D for the budget in effect as of January 1 of the year prior to the current Registry reporting year.	cycle on December 1, 2021, if the 2020 audit is complete that can be submitted, however, it may be that the entity is waiting on an auditor to complete the audit. In this case, a letter from the auditor detailing anticipated audit completion may be submitted until the audit is complete.
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## WHAT PENALTIES ARE IN PLACE FOR NONCOMPLIANCE?

For entities that fail to comply, the following enforcement procedures are in place:

- Prohibition from any budget increase otherwise provided by either subsection (1)(a) or (e) of section 63-802, Idaho Code.
- The Idaho State Tax Commission shall withhold the quarterly sales tax distribution pursuant to section 63-3638(10), Idaho Code. The amount of the distribution shall be retained in a reserve account until the State Controller's Office certifies to the Idaho State Tax Commission that the entity has complied, at which point the State Tax Commission shall pay any money owed to the local government entity previously in violation of this section.
- The Idaho State Tax Commission shall also withhold the annual property tax distribution pursuant to section 63-3638, Idaho Code. The amount of the distribution shall be retained in a reserve account until the State Controller's Office certifies to the Idaho State Tax Commission that the entity has complied, and, if compliance is achieved before the second Monday of September, the distribution shall be paid. An entity may not recover its annual property tax distribution after this date.
- Thirty (30) days after receiving a notice of non-compliance from the State Controller's Office saying that the local governmental entity has failed to provide audit information, SCO may impose a late fee. The late fee may be in the amount of up to \$500 per day and is immediately payable from the local governmental entity to the State Controller's Office, which shall deposit the fee in the state general fund.
- If the entity is a non-taxing district, the board of county commissioners shall convene to determine appropriate compliance measures which may include, but are not limited to:
  - Require a meeting of the board of county commissioners and the entity's governmental body wherein the board of county commissioners shall require compliance with this section by the entity.
  - Assess a non-compliance fee on the non-complying entity, not to exceed \$5,000. The fee may be deducted from any taxes, fees, or assessments collected by the county on behalf of the local governmental entity, and the local governmental entity may not pass on the amount of the fee to the persons within the jurisdiction of the entity in the form of adjustments to fees or assessments.
  - Cause a special audit to be conducted on the entity at the expense of the entity.

Questions about these requirements and the registry portal can be addressed to the State Controller's Office by calling 208-334-3100 or emailing [registry@sco.idaho.gov](mailto:registry@sco.idaho.gov).

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## WHAT ROLE DO THE STATE CONTROLLER'S OFFICE AND COUNTIES HAVE?

Counties must comply with the registry requirements of Idaho Code Section 67-1076 just like all other local governmental entities, but they also will be affected in different ways.

County Clerks must notify all local governmental entities within their boundaries of the requirements of Idaho Code Section 67-1076. On or before December 1<sup>st</sup> of each year, the county clerk of each county shall submit a list to the State Controller's Office of all local governmental entities in the county that are authorized to impose fees, assessments, or taxes, or that receive property tax money. This list will be compared to the registry information submitted by entities to identify and notify entities that may not have registered.

Local governmental entities may request assistance from the county to comply with the provisions of this section, but the county is under no obligation to assist them. If the county chooses to aid the local governmental entity, the county may charge the local governmental entity all reasonable fees, costs, and other expenses incurred in providing this assistance. Reasonable fees and costs include, but are not limited to, labor, material, and copying costs. These fees and costs may be deducted from any distributions of taxes, fees, or assessments collected by the county on behalf of the local governmental entity.

The State Controller's Office must notify entities immediately after a due date has passed (for any of the administrative, financial, or audit requirements) if required submissions have not been received or if the information submitted is non-compliant. The local governmental entity then has thirty (30) days to submit the information or notify SCO of the time when they will be able to comply.

By no later than January 15<sup>th</sup> of any year, the State Controller's Office must notify the appropriate board of county commissioners and the Idaho State Tax Commission of an entity's failure to comply with these requirements. The board of county commissioners must then place a public notice in a newspaper of general circulation in the county indicating that the entity is noncompliant with the legal reporting requirements of this section. The county commissioners shall assess to the entity the cost of the notice, and the cost may be deducted from any distributions of taxes, fees, or assessments collected by the county on behalf of the local governmental entity. The State Controller's Office must continue to notify the Idaho State Tax Commission of non-compliance at a quarterly cadence. When an entity comes into compliance, the State Controller's Office must notify both the Idaho State Tax Commission and the board of county commissioners.

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## CHECKLIST OF ITEMS NEEDED PRIOR TO REGISTERING THE ENTITY

Here is a list of documents and information that will be needed to complete the registration process, more detailed explanation for each item is provided under the section: [WHAT WILL BE ON THE REGISTRY PORTAL?](#)

- **Entity establishing information.** Authorizing/operating statutes, oversight entities (such as transportation authorities are authorized by the Idaho Transportation Department).
- **Entity contact information.** Email and physical addresses.
- **Board member information.** Appointed or elected members, term as a member (2 years, 4 years, etc.).
- **Most recent adopted budget of the entity in effect as of January 1 of the current Registry reporting year.**
  - Check that expenditures and revenues are included in document.
  - Check that budget period is noted in document.
  - Check that submitted document totals match entered totals in system.
- **Documentation of the actual expenditures and revenues for the budget in effect as of January 1 of the year prior to the current Registry reporting year.** This information can come from financial reports utilized in board meetings, preliminary budget to actual financial statements used in the audit report, or the most recent audit report itself.
  - Check that expenditures and revenues are included in the document.
  - Check that the budget period is noted in the document.
  - Check that submitted document totals match entered totals in the system.
- **Audit for the budget in effect as of January 1 of the year prior to the current Registry reporting year.**
  - Check that the audit completion date is included in the portal.
  - If audit completion is pending, check that the auditor letter is attached within the "Additional Documentation" document upload section.

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## DOCUMENTATION REQUIREMENTS

Beginning with Registry reporting for 2022, entities must report financial information according to the following chart:

Registry Year	Budget	Audit/Actuals and Bonds/Debt Obligations	Due Date
2022	Budget in effect on January 1, 2022	Audit/actuals completed for the budget that was in effect on January 1, 2021	December 1, 2022
2023	Budget in effect on January 1, 2023	Audit/actuals completed for the budget that was in effect on January 1, 2022	December 1, 2023
2024	Budget in effect on January 1, 2024	Audit/actuals completed for the budget that was in effect on January 1, 2023	December 1, 2024
2025	Budget in effect on January 1, 2025	Audit/actuals completed for the budget that was in effect on January 1, 2024	December 1, 2025
2026	Budget in effect on January 1, 2026	Audit/actuals completed for the budget that was in effect on January 1, 2025	December 1, 2026

## DOCUMENTATION EXAMPLES

Entity Type	Budget	Audit/Actuals and Bonds/Debt Obligations	Due Date
Counties, Cities	2022 budget (10/1/2021 – 9/30/2022)	2021 audit/actuals (10/1/2020 – 9/30/2021)	December 1, 2022
Self-Governing State Entities	2022 budget (7/1/2021 – 6/30/2022)	2021 audit/actuals (10/1/2020 – 9/30/2021)	December 1, 2022
Calendar Year	2022 budget (1/1/2022 – 12/31/2022)	2021 audit/actuals (1/1/2021 – 12/31/2021)	December 1, 2022

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## TIMELINE FOR LOCAL GOVERNMENTAL ENTITY REGISTRY

- **January 1.** The Registry moves to a new year for reporting. SCO posts a public-facing compliance report for the previous Registry year.
- **January 15.** SCO must notify the appropriate board of county commissioners and the Idaho State Tax Commission of any local governmental entities that have failed to comply with I.C. 67-1076. SCO also notifies non-compliant entities and county clerks.
- **March 31.** Tax Commission makes final decision on releasing or withholding quarterly sales tax distributions, which can be recovered by the next quarter-end.
- **June 30.** Tax Commission makes final decision on releasing or withholding quarterly sales tax distributions, which can be recovered by the next quarter-end.
- **September 30.** Tax Commission makes final decision on releasing or withholding quarterly sales tax distributions, which can be recovered by the next quarter-end. Tax Commission makes final decision on releasing or withholding annual property tax distributions, which cannot be recovered.
- **December 1.** Deadline to update the Registry. SCO sends out notices to non-compliant entities. Deadline for county clerks of each county to submit a list to SCO of all local governmental entities in the county that are authorized to impose fees, assessments, or taxes, or that receive property tax money.
- **December 31.** Tax Commission makes the final decision on releasing or withholding quarterly sales tax distributions.

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